



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

December 30, 1998

Malissa Hathaway McKeith
Loeb & Loeb
1000 Wilshire Blvd., Suite 1800
Los Angeles, CA 90017

Re: San Gabriel Valley Superfund Sites;
Baldwin Park Operable Unit

Dear Ms. McKeith:

This is a preliminary response to your Freedom of Information Act request dated December 28, 1998. I will be out of the office from December 31 through January 6. In the interim I would suggest that you contact Wayne Praskins directly at (415) 744-2256 to discuss the documents we have relating to perchlorate, particularly those relating to the source and treatment of perchlorate. You can then make arrangements to review the documents at our offices in San Francisco.

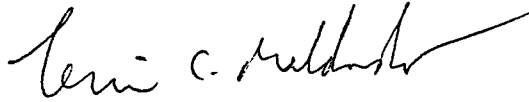
With respect to the status of the U.S. Environmental Protection Agency's investigation regarding Lockheed and Leach Relay, we will be deciding in early 1999 whether to send general notice to one or both of those companies in connection with the 717 North Coney Avenue property. I will notify you as soon as a decision has been reached, but if you would like to discuss the matter further prior to that time, you may telephone me at (415) 744-1342.

You also inquired about the progress in developing a cashout proposal. The Steering Committee has agreed to develop cashout proposals for some of the lesser contributors among the named potentially responsible parties ("PRPs"). The PRPs to whom a cashout offer will be made may include Steering Committee members as well as certain PRPs who have not joined the Steering Committee. EPA and the Steering Committee have decided that we will first determine which PRPs have legitimate ability to pay ("ATP") issues. The Steering Committee recently sent a letter to all named PRPs inviting the submission of certain financial information by any parties who may meet the inability to pay criteria. After ATP eligibility determinations have been made, the Steering Committee and EPA will attempt to decide to which PRPs a cashout offer should be extended.

You should also know that the Steering Committee has recently informed EPA that it may want to begin Remedial Design/Remedial Action ("RD/RA") Consent Decree negotiations this winter rather than waiting until July, as originally planned. EPA has indicated that if we receive a written good faith offer for performance of RD/RA and payment of past costs, we are

willing to begin negotiations promptly. Accordingly, if EPA receives a written good faith offer, overall negotiations to resolve many of the outstanding site and PRP-liability issues may soon begin. If you have not already done so, you may want to contact the Steering Committee to obtain further information about these matters as well as to present any information about Phaostron that you believe is relevant.

Sincerely,

A handwritten signature in black ink, appearing to read "Lewis C. Maldonado", with a long, sweeping horizontal line extending to the right.

Lewis C. Maldonado
Assistant Regional Counsel